



S. 1689 - Emergency Supplemental Appropriations for Iraq and Afghanistan Security and Reconstruction Act, 2004

Calendar No. 296

Reported by the Senate Appropriations Committee on September 30, 2003, as an original measure by a vote of 29-0; no written report.

Noteworthy

- On September 17, 2003, President Bush submitted a request for \$87 billion in FY 2004 emergency supplemental appropriations to fund ongoing military and intelligence operations and reconstruction activities in Iraq and Afghanistan.
- The reported bill largely parallels the President's request, which included \$65.6 billion for Department of Defense-related and classified activities, and \$21.4 billion for Coalition Provisional Authority and Department of State-related activities.
- It prohibits Iraq from using these appropriated funds to pay any costs associated with debts incurred by the former government of Saddam Hussein. (see Title II, Sec. 2310)
- Senators Stevens and Byrd will offer a managers' amendment to the bill during floor consideration. That amendment may include the classified portion of the request.
- During markup only two amendments were accepted, one by Senator Harkin to provide for compliance with the Americans with Disabilities Act and one by Senator Leahy that provides a \$1 million fine or 20 years imprisonment for war profiteering and fraud related to military action, relief, and reconstruction efforts in Iraq.
- Rejected amendments offered during markup may be re-offered during the full Senate's consideration. Senator Dorgan announced that he intends to re-offer his amendment to mandate that Iraq help pay for its own reconstruction costs. Senator Byrd may re-offer his amendment to bifurcate the bill, and place the \$20.3 billion for the Iraq Relief and Reconstruction Fund into a separate bill.

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- Other amendments are anticipated, including one to fund the entire request by repealing the Bush tax relief for wealthy wage earners; and one to increase funds to pay for health care for the National Guard.
 - The House is expected to mark up its version next week.
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Highlights

- This is the first FY04 supplemental funding request. In April of 2003, Congress passed H.R. 1559, the FY03 Emergency Wartime Supplemental [P.L. 108-11], which provided \$78.49 billion for numerous defense-related activities, including the establishment of the Iraq Freedom Fund. It also included the transfer to the Iraq Freedom Fund of specified funds for additional expenses for ongoing military operations in Iraq and other operations and related activities in support of the global war on terrorism.
- By providing Iraq with \$20 billion in reconstruction aid, the U.S. is providing resources to meet urgent basic humanitarian, infrastructure, and security needs; provide employment opportunities; better social conditions; and make progress in handing over daily government operations to the Iraqi government.
- Ambassador L. Paul Bremer, the Coalition Provisional Authority Administrator in Iraq, has stated that Iraq will need an estimated \$50 billion-\$75 billion in capital investment; the U.S. contribution toward this will be \$20 billion.
- The supplemental funding request for Iraq and Afghanistan is divided into the following:

\$65.6 billion for Department of Defense and Classified Activities:

- Approx. \$51 billion, *Operation Iraqi Freedom*;
- Approx. \$11 billion, *Operation Enduring Freedom*; and
- Approx. \$4 billion, *Operation Noble Eagle* and support for allies in the war on terror.
- These monies support military operations, personnel and health care costs, military construction, equipment procurement, and maintenance.

\$21.4 billion for Coalition Provisional Authority and Department of State:

- Approx. \$20 billion for Iraq —
 - \$5 billion (border enhancement, national police force, Iraqi army, judiciary);
 - \$6 billion (basic electricity services);
 - \$4 billion (water and sanitation services);

- \$4 billion (transportation, telecommunications, housing, health, education); and
- \$2 billion (oil infrastructure rehabilitation).
- Approx. \$800 million for Afghanistan—
 - Afghan National Army creation and Kabul-Herat road construction.

Bill Provisions

Highlights of Title I – Department of Defense

The sections of this title for the Department of Defense (DoD) are broken down similarly to those in H.R. 2658, the FY 2004 Department of Defense Appropriations Bill, which the President signed on October 1.

Military Personnel. The bill provides **\$17.81 billion** for military personnel, in addition to the \$98.45 billion included in the Conference Report for H.R. 2658. Appropriations for military personnel are broken down by service as follows: Army (\$12.859 billion); Navy (\$816.1 million); Marine Corps (\$753.2 million); and Air Force (\$3.385 billion).

Appropriations under this section are for pay, allowances, subsistence, and other personnel costs for active component troops as well as guard and reserve troops activated for duty in Iraq, Afghanistan, and other areas in support of Operation Iraqi Freedom, Operation Enduring Freedom, and Operation Noble Eagle.

The provision includes \$1.248 billion for funding for enhanced special pays, including Imminent Danger Pay (IDP), Family Separation Allowance (FSA), Hardship Duty Pay, and stop-loss programs. The Committee supports the continuation of FSA and IDP at the levels authorized in Public Law 108-11 for all of FY 2004, and directs DoD to use the funds requested for increased HDP to fund the full year increase to FSA and IDP for all eligible recipients.

Operation and Maintenance. The section receives **\$38.18 billion**, in addition to the \$115.9 billion included in the Conference Report for H.R. 2658. The following section is divided by service or function with noteworthy items included. The sections include funding for travel and per diem and for operations such as fuel purchases, base support, depot maintenance, flying hours, ground operations, and over-ocean transportation.

- The Army receives \$24.95 billion. The Navy receives \$1.976 billion, of which \$80 million may be transferred to the Department of Homeland Security for Coast Guard operations. Per the Administration's request, other appropriations under

Operation and Maintenance include: Marine Corps (\$1.199 billion); Air Force (\$5.516 billion); Marine Corps Reserve (\$16 million); Air Force Reserve (\$53 million); and Air National Guard (\$214 million).

- Defense-Wide operation and maintenance receives \$4.218 billion for, among other things, funding of the communications backbone of operations. Of these funds, no more than \$15 million may be used for the CINC Initiative Fund account. Not less than \$1.0 billion is for payments to reimburse Pakistan, Jordan, and other key cooperating nations.
- Another item under Operation and Maintenance includes an additional \$35.5 million for Overseas Humanitarian, Disaster, and Civic Aid.
- The bill provides \$1.989 billion for the Iraq Freedom Fund, including transfer authority to other provisions within Title I of this bill.

Procurement. This section includes **\$5.46 billion** for equipment necessary for continued operations, as well as replacement of equipment destroyed during operations. The Conference Report included \$74.66 billion for traditional procurement. Procurement in the supplemental includes:

- **Army.** Includes missile procurement (\$6.2 million); weapons and tracked combat vehicles (\$104 million); and other Army procurement (\$1.079 billion).
- **Navy.** Includes aircraft equipment (\$128.6 million); and equipment improvements and replacement (\$76.36 million).
- **Marine Corps.** Includes upgrades to Amphibious Assault Vehicles and replacement of Light Armored Vehicles, among other things (\$123.4 million).
- **Air Force.** Includes aircraft equipment (\$40.97 million); missile procurement (\$20.45 million); and improved communications, support equipment, replacement vehicles, among other items (\$3.44 billion).
- **Defense-Wide.** Includes funding for specific Special Operations Command, Chemical Biological Defense Program, and communications and intelligence efforts (\$435.6 million).

Research, Development, Test and Evaluation. Funding is provided for the Navy (\$34 million); Air Force (\$39.07 million); and Defense-Wide (\$265.8 million). Further details are available in supporting classified documents.

Various Funds and Accounts. Includes: National Defense Sealift Fund (\$24 million); Working Capital Fund, Defense-Wide, for fuel (\$600 million); Intelligence Community Management Account, which includes the National Counterintelligence Executive, the Department of Energy's Office of Intelligence, and the Federal Bureau of

Investigation (\$21.5 million); \$73 million for drug interdiction and counter-drug activities in Afghanistan; and an additional \$658.4 million for the Defense Health Program.

Military Construction. Under Army military construction, the section includes various military projects to support troops in Iraq, such as power plants and distributions systems, helicopter pads and taxiways, a joint operations center, and water and wastewater treatment facilities, among others (\$119.9 million). Under Air Force military construction, the section includes runway repair in Afghanistan, and expanded aircraft ramps, among other provisions (\$292.55 million).

General Provisions. Below are summaries of several of the general provisions that were included in Title I:

- Sec. 301. This provision allows DoD to draw down an additional \$450 million under the Afghanistan Freedom Support Act of 2002 to support the Afghanistan National Army.
- Sec. 302. This provision provides DoD transfer authority for funds appropriated in this title up to \$2.5 billion, and in addition such funds as necessary up to \$5 billion following required Congressional approval.
- Sec. 305. This provision augments existing authority regarding travel and transportation allowance for family members of the Armed Forces who are ill or injured as a result of service on active duty in support of Operation Iraqi Freedom, Operation Enduring Freedom, and Operation Noble Eagle.
- Sec. 306. This provision sustains the increase in the statutory maximum payable for Imminent Danger Pay from \$150 to \$225 per month, and for the Family Separation Allowance from \$100 to \$250 from October 1, 2003, through September 30, 2004.
- Sec. 308. The Committee bill includes a new provision that requires the Secretary of Defense to provide a report to the Committee on Appropriations.
- Sec. 309. The Committee bill includes a provision that requires DoD to describe alternatives for replacing the capabilities of the KC-135 fleet of aircraft.
- Sec. 312. This provision allows DoD to provide training and equipment to those forces serving alongside or in place of U.S. military forces in Iraq and Afghanistan, including the New Iraqi Army, and to friendly nations fighting terrorism in the nearby region.
- Sec. 313. The Committee bill requires a report on the military readiness impact of Operation Iraqi Freedom, to be provided to the relevant Congressional committees no later than 30 days after the enactment of this Act.

- Sec. 314. The Committee bill provides that service members injured due to their actions in or support of operations do not have to pay subsistence charges while hospitalized.
- Sec. 315. This provision allows DoD to transfer up to \$150 million from funds appropriated in Title I to fund contingency construction projects not otherwise authorized to support urgent projects in Operation Iraqi Freedom, Operation Enduring Freedom, and Operation Noble Eagle.

Highlights of Title II – International Affairs

Chapter One: Department of State

Administration of Foreign Affairs. The bill provides \$271 million to undertake various programs and operations in Afghanistan. Such funding includes:

- **Diplomatic and Consular Programs.** The bill provides \$35.8 million (includes a rescission from Public Law 108-11); and
- **Emergencies in the Diplomatic and Consular Service.** The bill provides \$90.5 million for the following: \$50 million for the Emergencies in the Diplomatic and Consular Service account to ensure that sufficient funds are available to pay rewards offered for Osama bin Laden and Saddam Hussein; \$32 million to reimburse of the City of New York for costs associated with the protection of foreign missions and officials during the immediate post-September 11, 2001 state of alert; and \$8.5 million for costs associated with the Free Trade of the Americas Ministerial meeting.

Chapter Two: Bilateral Economic Assistance, Funds Appropriated to the President

U.S. Agency for International Development. The bill provides \$40 million for the operating expenses for the U.S. Agency for International Development (USAID) account to help fund additional operating costs associated with reconstruction and other assistance activities that will be administered by USAID in Iraq and Afghanistan.

Capital Investment Fund. The bill provides \$60.5 million.

U.S. Emergency Fund for Complex Foreign Crises. The bill provides \$100 million to enable the President to respond to or prevent unforeseen complex foreign crises. The monies could be used to fund a range of foreign assistance activities, including support for peace and humanitarian intervention operations. Use of this

appropriation would require a determination by the President that a complex emergency exists and that it is in the national interest to furnish assistance in response. None of the funds may be used to respond to a natural disaster.

Iraq

Iraq Relief and Reconstruction Fund. The bill provides \$20.3 billion for security, rehabilitation, and reconstruction in Iraq as follows: \$5.1 billion for **security**, including training and equipping border enforcement, police, fire, and customs personnel; standing up new Iraqi Army and a Civil Defense Corps, and developing civil society and the justice sector; \$5.7 billion for **electricity**; \$2.1 billion for **infrastructure**; \$3.7 billion for **public works**; \$875 million for **water resources**; \$835 million for **transportation and telecommunications**; \$470 million for **housing and construction**; \$850 million for **health**; \$535 million for **private-sector development**; and \$300 million for **refugees, human rights, democracy, and civil society**, with not less than \$100 million made available for democracy building activities in Iraq.

The bill provides numerous **reporting requirements** including a report by USAID Administrator on how the needs of people with disabilities were met in the development and implementation of USAID programs and projects in Iraq and Afghanistan; a report by the Secretary of State, in consultation with Secretary of Defense, describing the progress made toward indicting and trying leaders of the former Iraqi regime for war crimes, genocide, or crimes against humanity; and a report by the President on efforts by the Coalition Provisional Authority and relevant Iraqi officials to ensure that the Iraqi constitution preserves religious freedom.

The bill **restricts funds** appropriated under this section from being made available to enter into any contract or follow-on contract that uses other than full and open competitive contracting procedures. The President is given **waiver authority** if he determines that it is necessary to do so as a result of unforeseen or emergency circumstances.

Peacekeeping Operations. The bill provides \$50 million to support and sustain an additional multinational division (MND), which will assume some U.S. peacekeeping duties in **Iraq**.

Afghanistan

Economic Support Fund (ESF). The bill provides \$422 million in ESF to **Afghanistan** to accelerate assistance for economic growth, democracy, and development in advance of national elections scheduled for June 2004. In some cases, these funds will augment acceleration of assistance activities already begun with transferred or reprogrammed FY2003 funding.

Foreign Military Financing (FMF). The bill provides \$222 million to **Afghanistan** in FMF to meet current projected Afghan National Army (ANA) train and equip program and accelerated training costs.

Chapter Two: Bilateral Economic Assistance, Department of State

International Narcotics Control and Law Enforcement. The bill provides \$120 million total to support the acceleration of police training and law enforcement programs and judicial reform in Afghanistan.

Nonproliferation, Anti-Terrorism, Demining and Related Programs. The bill provides \$35 million for activities in Afghanistan.

Chapter Three: General Provisions

- Sec. 2309. The Coalition Provisional Authority shall, on a monthly basis, submit a report to the Committees on Appropriations which details, for the preceding month, Iraqi oil production and oil revenues, and uses of such revenues.
- Sec. 2310. None of the funds made available by this Act or any unexpended funds provided in Public Law 108-11 may be made available to pay any costs associated with debts incurred by the former government of Saddam Hussein.
- Sec. 2311. The Secretary of State shall submit a report to Congress on progress made in accomplishing the ‘Purposes of Assistance’ set forth in section 102 of this Act utilizing assistance provided by the United States for Afghanistan.
- Sec. 2312. Anyone found guilty of knowingly and willfully involved in an “attempt to execute a scheme or artifice to defraud the United States or Iraq” (war profiteering) shall be fined no more than \$1 million or imprisoned for not more than 20 years, or both.

Title III — General Provisions

The amounts provided in this Act are designated by the Congress as an emergency requirement pursuant to Section 502 of H. Con. Res. 95 (108th Congress).

Administration Position

As of press time, no Statement of Administration Policy was available. However, the Administration strongly supports the bill as introduced.

Possible Amendments

In addition to possible amendments discussed on pages 1 and 2, additional amendments are expected. Summaries will be provided as amendments are made available.

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